



County of Los Angeles
DEPARTMENT OF PUBLIC SOCIAL SERVICES

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ADOPTED

BOARD OF SUPERVISORS
 COUNTY OF LOS ANGELES

13 July 7, 2015

PATRICK OGAWA
 ACTING EXECUTIVE OFFICER

July 07, 2015

The Honorable Board of Supervisors
 County of Los Angeles
 383 Kenneth Hahn Hall of Administration
 500 West Temple Street
 Los Angeles, California 90012

Dear Supervisors:

**RECOMMENDATION TO APPROVE AMENDMENT NUMBER ONE TO THE LOS ANGELES
 ELIGIBILITY, AUTOMATED DETERMINATION, EVALUATION AND REPORTING SYSTEM
 (LEADER REPLACEMENT SYSTEM) INFORMATION TECHNOLOGY AGREEMENT WITH
 ACCENTURE, LLP
 (ALL DISTRICTS – 3 VOTES)**

**CIO RECOMMENDATION: APPROVE (X) APPROVE WITH MODIFICATION ()
 DISAPPROVE ()**

SUBJECT

This is a joint recommendation by the Department of Public Social Services (DPSS) and the Chief Information Officer (CIO) that the Board approve Amendment Number One to the LEADER Replacement System (LRS) Agreement Number 77863 (Agreement). This Amendment will provide necessary funding for modifications to the LRS to support the California Healthcare Eligibility, Enrollment and Retention System (CalHEERS) interface, the Approved Relative Caregiver (ARC) program, and other Regulatory and Administrative (R&A) County, State, and Federal mandates or requirements during the Design, Development and Implementation (DD&I) phase of the LRS project.

JOINT RECOMMENDATION WITH THE CHIEF INFORMATION OFFICE THAT THE BOARD:

1. Approve and instruct the Mayor to sign Amendment Number One (Attachment I) to the LRS Agreement, which will authorize the increase to the Total Maximum Contract Sum during the initial term by \$15,265,804 from \$577,148,461 to \$592,414,265.
2. Delegate authority to the DPSS Director to accept additional, dedicated State and Federal funds

(with no County share of cost), not to exceed 2% of the Total Maximum Contract Sum, to support implementing modifications to the LRS for new and/or changes to existing high priority State and Federal programs and policies.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommended action is to allow DPSS to amend the LRS Agreement to add \$15,265,804 to allow continued work to incorporate anticipated and unanticipated regulatory and administrative changes into the LRS design. This work includes system modifications related to the interface to CalHEERS, which is California's Health Benefits Exchange (HBEx) supporting the Patient Protection and Affordable Care Act of 2010 (ACA), as well as foster care's ARC program, and other R&A changes.

CalHEERS

In March 2010, the ACA was passed by Congress and signed by the President. The ACA authorizes the establishment of HBEx in every State. Exchanges provide access to subsidies to reduce the cost of health coverage. In addition, the ACA expands Medi-Cal eligibility to all non-elderly individuals with incomes up to 138% of the federal poverty level. These changes are intended to provide all US citizens and legal residents with access to affordable health coverage; allow individuals, families, and small employers to evaluate their health plan options; help people apply for publicly subsidized health coverage programs; and facilitate enrollment in health coverage that best meets their needs.

The State of California's centralized system, CalHEERS, provides Californians with access to the health coverage opportunities that are available under the ACA. The system includes an Internet portal where individuals and small employers can sign up for health coverage for themselves or their employees, and see what subsidies are available. The system allows enrollees to shop for and compare plans based on price, benefits, out-of-pocket costs, and plan quality measures.

As Covered California continues to implement new functionality in the CalHEERS system, Statewide Automated Welfare Systems (SAWS) are required to make changes to each system's case management and reporting functions, as well as interface between CalHEERS and SAWS. This requires additional vendor hours in order to complete the mandated State and Federal requirements. Therefore, DPSS recognizes the needs to increase funding for LRS Contractor services to support changes to CalHEERS and/or the California HBEx in order to provide continued health care services to the participant population.

Approved Relative Caregiver (ARC) Funding Option Program

The ARC Program enacted by Senate Bill (SB) 855 (Chapter 29, Statutes of 2014), effective January 1, 2015, increases payments to children placed in foster care with relative caregivers when the children are not eligible for federal foster care benefits, which are higher than the CalWORKs benefits these children typically receive. This county-optional program provides funding for participating counties to make per-child, per-month payments to approved relative caregivers, on behalf of eligible children in an amount equal to the basic foster care rate paid to Aid to Families with Dependent Children-Foster Care (AFDC-FC) providers.

With State funding available to counties who would like to better support foster children by placing them with relatives, DPSS is required to incorporate ARC modifications into LRS to enable County of

Los Angeles (County) better serve its citizens and administer ARC in the most efficient manner on an ongoing basis.

Regulatory and Administrative (R&A) Changes

R&A changes are required to ensure the LRS complies with mandated County, State, and Federal policy and program requirements during the DD&I phase of the LRS project. Examples of such changes are listed below:

- ☐ Welfare-to-Work (WTW) 24-Month Clock Automation;
- ☐ CalFresh COLA and CalWORKs MAP increase;
- ☐ Mid-Period change Household Composition;
- ☐ Required Modifications to Existing State Reports; and
- ☐ Your Benefits Now (YBN) Alternative Login Credentials.

Implementation of Strategic Plan Goals

These recommendations are consistent with the principles of the Countywide Strategic Plan, Goal 1. Operational Effectiveness: Maximize the effectiveness of processes, structure and operations to support timely delivery of customer-oriented and efficient public service.

FISCAL IMPACT/FINANCING

The Amendment increases the total Maximum Contract Sum for the initial term by \$15,265,804 from \$577,148,461 to \$592,414,265. The aggregate total Maximum Contract Sum for the LRS Agreement, including the initial term and the optional extended term, will increase from \$730,708,771 to \$745,974,575.

Costs for Fiscal Year (FY) 2015-16

The estimated cost increase for FY 2015-16 is \$13,265,804. Of this amount, \$5,544,000 is for modifications to support the CalHEERS interface and \$584,000 is to support the ARC Program. These costs will be fully funded with Federal and State revenue with no Net County Cost (NCC). Sufficient funding will be included in the Department's FY 2015-16 Supplemental Changes Request. The remaining \$7,137,804 is for R&A Changes. The NCC, estimated at \$432,000, will be fully offset through corresponding cost reductions in the County hardware/software portion of the LRS Project budget. Sufficient funding has been included in the FY 2015-16 Budget.

Costs for Fiscal Year (FY) 2016-17

The estimated cost increase for FY 2016-17 is \$2,000,000 for R&A Changes. These costs will be funded by State and Federal revenue in the estimated amount of \$1,826,000. The NCC, estimated at \$174,000, will be fully offset through corresponding cost reductions in the County hardware/software portion of the LRS Project budget. Sufficient funding will be included in the Department's FY 2016-17 Budget Request.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

This Board Letter and associated Amendment were reviewed by the Chief Executive Office and

approved as to form by County Counsel. As with the existing LRS Agreement, outside counsel, Mitchell, Silberberg & Knupp LLP, reviewed and commented on the Board Letter and Amendment in accordance with the Board's policy regarding technology contracts.

All terms and conditions, including information technology provisions which are part of the current Agreement, will continue to apply to the Agreement following execution of the proposed Amendment. In addition, the Countywide policy regarding Time Off for Voting (which was implemented after award of the LRS Agreement to Accenture in November 2012), was included in the Amendment. The parties are also working diligently to assess data destruction requirements for inclusion in a future amendment, following an assessment whether such requirements would affect the current scope-of-work for Accenture.

This is not a Prop A Contract and accordingly is exempt from the requirements of the Living Wage Ordinance.

State and Federal Approval

The funding approval for the Amendment has been received from the requisite State and Federal agencies.

CONTRACTING PROCESS

Accenture LLP was selected via a competitive solicitation and evaluation process. On November 7, 2012, the Board awarded an eleven year contract (with the option for three additional years) to Accenture to design, develop, implement, operate, and maintain an automated welfare system called the LRS.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of this Amendment to the LRS Agreement will support both compliance with current policy and program rules, and effective implementation of State and Federal regulatory and policy changes to support over 16,500 users who will continue to provide public assistance services to over 3.5 million constituents of the County.

CONCLUSION

Upon the Board's approval, the Acting Executive Officer, Board of Supervisors is requested to return three original signed copies of the Amendment and one adopted stamped Board Letter to the Director of DPSS.

Respectfully submitted,



SHERYL L. SPILLER

Director



RICHARD SANCHEZ

Chief Information Officer

SLS:MS:ph

Enclosures

c: Interim Chief Executive Officer
County Counsel
Acting Executive Officer, Board of Supervisors
Auditor-Controller
Chief Information Officer

**AGREEMENT
BY AND BETWEEN
COUNTY OF LOS ANGELES
AND
ACCENTURE, LLP
FOR A
LEADER REPLACEMENT SYSTEM
AGREEMENT AMENDMENT**

Amendment Number One**County Agreement Number 77863**

AGREEMENT ENTERED INTO BY AND BETWEEN THE COUNTY OF LOS ANGELES, (HEREAFTER "COUNTY") AND ACCENTURE, LLP ("CONTRACTOR") FOR PROVISION OF THE LEADER REPLACEMENT SYSTEM ("LRS").

This Amendment Number One, is effective as of the date executed by the COUNTY's Board of Supervisors (the "Effective Date"), and amends Agreement No. 77863 ("Agreement") for the LRS that was entered into between the parties on November 7, 2012.

WHEREAS, pursuant to Subparagraph 5.2.2 of Subparagraph 5.2 (Required Approvals) of Paragraph 5 (Change Notices and Amendments), the Parties have agreed to amend certain provisions set forth in the Base Agreement and Exhibit C (Schedule of Payments) of the Agreement, and to include additional COUNTY Board of Supervisor policies that have been adopted since this Agreement was executed in 2012. COUNTY and CONTRACTOR agree to modify the Agreement to include changes that materially affect the scope of work, term, payments, and/or term or condition of the Agreement as provided in this Amendment Number One;

WHEREAS, pursuant to Exhibit G (Estimates, Quantities, and Assumptions) of the Agreement, twenty-thousand (20,000) work hours for regulatory, administrative or legal changes that occur during LRS development and after the LRS design is frozen, but prior to the start of Phase 2 (Performance Verification), were included in the Agreement ("R&A Change Budget"). The COUNTY has utilized most of the hours allocated in the R&A Change Budget and needs to replenish the budget to enable regulatory, administrative and legal changes work to continue during Phase 1;

WHEREAS, the State of California has allotted premise funding that can be used towards funding additional hours for the R&A Change Budget for the automation of State mandated changes to LRS related to the Patient Protection and Affordable Care Act of 2010;

WHEREAS, the State of California has allotted premise funding that can also be used towards funding additional hours for the R&A Change Budget for the automation of State mandated changes to LRS to support the Approved Relative Caregiver Program (ARC) funded through CalWORKS;

WHEREAS, the COUNTY'S Board of Supervisors has delegated authority to the Director of the Department of Public Social Services (DPSS) to accept premise funding that may be used to fund work in the Agreement and to increase the Total Maximum Contract Sum During the Initial Term to cover such work; and

WHEREAS, the changes above affect the Total Maximum Contract Sum, prices, and payments due to CONTRACTOR under the Agreement and other terms and conditions as described below.

Now, THEREFORE, in consideration of the premises and of the promises exchanged herein, COUNTY and CONTRACTOR agree as follows:

1. Subparagraph 1.4.88.1 is added to Subparagraph 1.4 (Definitions) of Paragraph 1 (Applicable Documents and Definitions) of the Base Agreement as follows:

"1.4.88.1 Regulatory & Administrative Change Budget Services

The term "Regulatory & Administrative Change Budget Services" shall mean additional Work authorized by COUNTY to be performed by CONTRACTOR for regulatory, administrative and legal changes during Phase 1 (Design/Development/Implementation Phase) that are in excess of the twenty-thousand (20,000) hours set forth in Exhibit G (Estimates, Quantities and Assumptions)."

2. Subparagraph 5.2.2 of Subparagraph 5.2 (Required Approvals) of Paragraph 5 (Change Notices and Amendments) is hereby deleted in its entirety and replaced as follows:

"5.2.2 Except as provided in Subparagraph 8.1.2.1 (Premise Funding During Initial Term), for any change that materially affects the scope of Work, term, schedule, payments, or any term or condition included in this Agreement, unless expressly authorized under this Paragraph 5, a negotiated Amendment to this Agreement shall be prepared and executed by COUNTY's Board of Supervisors and CONTRACTOR."

3. Subparagraph 8.1.2 (Total Maximum Contract Sum During Initial Term) of Subparagraph 8.1 (Total Maximum Contract Sum) of Paragraph 8 (Contract Sum) of the Base Agreement is deleted in its entirety and replaced as follows:

"8.1.2 Total Maximum Contract Sum During Initial Term

The Total Maximum Contract Sum [CONTRACTOR's total consideration for all Work hereunder, excluding postage charges as defined in Subparagraph 8.3 (Postage Charges), and including all applicable taxes and transportation charges, as determined by aggregating the Maximum Contract Sums specified in Subparagraphs 8.2.1 (Deliverables), 8.2.2.1, and 8.2.3.1] for this Agreement during the Initial Term, shall not exceed Five Hundred Ninety-Two Million, Four Hundred Fourteen Thousand,

Two Hundred Sixty Five Dollars (\$592,414,265). The Total Maximum Contract Sum shall not be increased for any costs or expenses whatsoever of CONTRACTOR, except pursuant to an Amendment to this Agreement as set forth in Subparagraph 5.2.2.

8.1.2.1 Premise Funding During Initial Term

Notwithstanding Section 8.1.2 (Total Maximum Contract Sum During Initial Term), the DPSS Director, on behalf of the COUNTY, may execute an Amendment to this Agreement to affect the scope of Work and increase the Total Maximum Contract Sum by an amount not to exceed two (2) percent of the Total Maximum Contract Sum, during the Initial Term to incorporate any federal and state premise funding that is awarded to the COUNTY for additional Work related to the LRS. Such Amendment may be executed by CONTRACTOR and the DPSS Director on behalf of the COUNTY, provided that any such Amendment has the written concurrence of COUNTY's Chief Information Officer and has approval as to form by County Counsel."

4. Subparagraph 8.2.4 (Regulatory & Administrative Budget Services) is added to Subparagraph 8.2 (Maximum Contract Sums) of Paragraph 8 (Contract Sum) of the Base Agreement as follows:

"8.2.4 Regulatory & Administrative Change Budget Services

The Maximum Contract Sum for Regulatory & Administrative Change Budget Services [CONTRACTOR's total consideration for all Work hereunder, including all applicable taxes and transportation charges for Regulatory & Administrative Change Budget Services] for this Agreement during Phase 1 (Design/Development/Implementation Phase) of the Initial Term, shall not exceed Fifteen Million, Two Hundred Sixty Five Thousand, Eight Hundred and Four Dollars (\$15,265,804)."

5. Subparagraph 9.1 (Invoices) of Paragraph 9 (Invoices and Payments) of the Base Agreement is deleted in its entirety and replaced as follows:

"9.1 INVOICES:

CONTRACTOR shall invoice COUNTY only for Tasks, Subtasks, Deliverables, goods, and services, which are specified in the Agreement, including in Exhibit A (Statement of Work), which have been provided by CONTRACTOR and approved by COUNTY pursuant to the terms of this Agreement, and for which payment is required pursuant to the terms of this Agreement. All invoices shall be subject to COUNTY approval

pursuant to Subparagraph 9.4 (COUNTY Approval of Invoices). CONTRACTOR shall prepare invoices in the detail and formats reasonably required by COUNTY Project Director for charges owed to CONTRACTOR by COUNTY under the terms of this Agreement. CONTRACTOR's payments shall be as provided in Exhibit C (Schedule of Payments)."

6. Subparagraph 9.3.4 is added to Subparagraph 9.3 (Invoice Detail) of Paragraph 9 (Invoices and Payments) of the Base Agreement as follows:

"9.3.4 Invoices for charges for Regulatory & Administrative Change Budget Services shall be accompanied by reports using COUNTY-approved formats to support invoices."

7. Subparagraph 9.12 is added to Paragraph 9 (Invoices and Payments) of the Base Agreement as follows:

"9.12 INVOICING AND PAYMENT FOR REGULATORY & ADMINISTRATIVE CHANGE BUDGET SERVICES

During the Initial Term, COUNTY will authorize payment to CONTRACTOR upon receipt of such Regulatory & Administrative Change Budget Services and upon receipt and approval of the invoices therefore, as provided in Subparagraph 9.4 (COUNTY Approval of Invoices). The COUNTY Project Director shall approve each request for use of the R&A Change Budget and CONTRACTOR shall use an hourly rate of One Hundred Sixty Five Dollars (\$165.00) or in accordance with a fixed price for Work as proposed by CONTRACTOR Project Director and approved by the COUNTY Project Director. The COUNTY Project Director shall determine in his/her sole discretion, whether Work which is Regulatory & Administrative Change Budget Services, will be paid at the fixed hourly rate of One Hundred Sixty Five Dollars (\$165.00) or pursuant to a fixed price."

8. Paragraph 77 (Time Off for Voting) is added to the Base Agreement as follows:

"77. TIME OFF FOR VOTING

The CONTRACTOR shall notify its employees, and shall require each Subcontractor to notify and provide to its employees, information regarding the time off for voting law (Elections Code Section 14000). Not less than ten (10) days before every statewide election, every CONTRACTOR and Subcontractors shall keep posted conspicuously at the place of work, if practicable, or elsewhere where it can be seen as employees come or go to their place of work, a notice setting forth the provisions of Section 14000."

9. Schedule D (Regulatory & Administrative Change Budget Services) is added to Exhibit C (Schedule of Payments) as attached hereto.
10. Subparagraph A of Paragraph I (Project Approach Assumptions) of Exhibit G (Estimates, Quantities and Assumptions) is deleted in its entirety and replaced as follows:
 - "A. The LRS design will be considered "frozen" at the conclusion of Functional Design (Task 6). However, the proposal contains additional work hours for anticipated, but currently unidentified regulatory, administrative, or legal changes that occur during LRS development after the LRS design is frozen, but prior to the start of Phase 2 (Performance Verification Phase) M&E Services. Twenty-thousand (20,000) work hours are included in the proposal (at no additional cost to the County), associated with applying regulatory, administrative or legal changes to the LRS, per COUNTY's instructions. If additional work in excess of twenty-thousand (20,000) hours is required in Phase 1 (Design/Development/Implementation Phase), such Work will be completed as Regulatory & Administrative Change Budget Services. If additional work in excess of twenty-thousand (20,000) hours is required in Phase 2, such Work will be completed as a part of M&E Services during Phase 2 (Performance Verification Phase). If all 20,000 hours are not used to accommodate regulatory, administrative or legal changes that occur prior to the start of Phase 2 (Performance Verification Phase), CONTRACTOR shall use the remaining hours, as mutually agreed upon by COUNTY and CONTRACTOR, to address other COUNTY needs and requirements."
11. Except as provided in this Amendment Number One, all other terms and conditions of the Agreement shall remain in full force and effect.

AMENDMENT NUMBER ONE TO

COUNTY OF LOS ANGELES AGREEMENT NUMBER 77863

IN WITNESS WHEREOF, the County of Los Angeles Board of Supervisors has caused this Amendment Number One to COUNTY Agreement Number 77863 to be subscribed by its Mayor, and the seal of such Board to be affixed and attested by the Acting Executive Officer thereof, and CONTRACTOR has caused this Amendment Number One to be subscribed on its behalf by its duly authorized officer, this 7th day of July, 2015.

COUNTY OF LOS ANGELES

By: Mike Antonovich

Mayor, Board of Supervisors

ATTEST:

Patrick Ogawa, Acting Executive Officer
of the Board of Supervisors of the
County of Los Angeles

By: Lachelle Smithman
Deputy



I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

PATRICK OGAWA
Acting Executive Officer
Clerk of the Board of Supervisors

By: Lachelle Smithman
Deputy

ACCENTURE, LLP

By: Skib

Name: Seth Richman

Title: Managing Director

APPROVED AS TO FORM:
Mark Saladino, County Counsel

By: Truc Moore
Senior Deputy County Counsel

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

13

JUL 7 2015

Amendment Number One

Patrick Ogawa
PATRICK OGAWA
ACTING EXECUTIVE OFFICER

77863
Amendment No. 1

Schedule D Exhibit C (Schedule of Payments)	
Regulatory & Administrative Change Budget Services	
Description	Maximum Total Price (USD)
Application Software Changes and Related Services	\$15,265,804
Premise Funding for the Automation of State Mandated Changes	
Maximum Contract Sum for R&A Change Budget Services	\$15,265,804

*The scope of Work, CONTRACTOR and COUNTY responsibilities, estimated resources, hours, assumptions, constraints, and schedule for the above will be approved by the COUNTY Project Director. Such Regulatory & Administrative Change Budget Services will be invoiced and paid in accordance with the Agreement, including as set forth in Subparagraph 9.12 (Invoicing and Payment for Regulatory & Administrative Change Budget Services) of the Base Agreement.